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106TH CONGRESS
2D SESSION

H. R. 4088

To amend the Internal Revenue Code of 1986 to deny any deduction for certain gifts and benefits provided to physicians by prescription drug manufacturers.

IN THE HOUSE OF REPRESENTATIVES

MARCH 23, 2000

Mr. STARK introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to deny any deduction for certain gifts and benefits provided to physicians by prescription drug manufacturers.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "Save Money for Pre-
5 scription Drug Research Act of 2000".

6 **SEC. 2. FINDINGS.**

7 The Congress finds that—

1 (1) drug company expenditures on marketing
2 and administration are twice research and develop-
3 ment expenditures,

4 (2) the pharmaceutical industry annually
5 spends \$11,000,000,000 promoting and marketing
6 their products, by way of meals, travel subsidies,
7 and other gifts to medical professionals,

8 (3) drug companies annually spend \$8,000 to
9 \$13,000 per physician on such promotions,

10 (4) the present extent of physician-industry
11 interactions appears to adversely affect prescribing
12 and professional behavior and should be further ad-
13 dressed at the level of policy and education, and

14 (5) research and development is a much more
15 needed expenditure by the pharmaceutical industry.

16 **SEC. 3. DISALLOWANCE OF DEDUCTION FOR PHYSICIAN**
17 **GIFT EXPENSES OF PRESCRIPTION DRUG**
18 **MANUFACTURERS.**

19 (a) GENERAL RULE.—Part IX of subchapter B of
20 chapter 1 of the Internal Revenue Code of 1986 (relating
21 to items not deductible) is amended by adding at the end
22 thereof the following new section:

1 **"SEC. 2801. PHYSICIAN GIFT EXPENSES OF PRESCRIPTION**
2 **DRUG MANUFACTURERS.**

3 "(a) GENERAL RULE.—No deduction shall be allowed
4 under this chapter for any physician gift expense paid or
5 incurred by any prescription drug manufacturer.

6 "(b) PHYSICIAN GIFT EXPENSE.—For purposes of
7 this section, the term 'physician gift expense' means any
8 gift provided directly or indirectly to or for the benefit of
9 a physician, including gifts of meals, sponsored teachings,
10 symposia, and travel.

11 "(c) PRESCRIPTION DRUG MANUFACTURER.—For
12 purposes of this section, the term 'prescription drug man-
13 ufacturer' means—

14 "(1) any person engaged in the trade or busi-
15 ness of manufacturing or producing any prescription
16 drug, and

17 "(2) any person who is a member of an affili-
18 ated group which includes a person described in
19 paragraph (1).

20 For purposes of the preceding sentence, the term 'affili-
21 ated group' means any affiliated group as defined in sec-
22 tion 1504 (determined without regard to paragraphs (3)
23 and (4) of 1504(b))."

24 (b) CLERICAL AMENDMENT.—The table of sections
25 for part IX of subchapter B of chapter 1 of such Code



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1 is amended by adding at the end thereof the following new
2 item:

“Sec. 280I. Physician gift expenses of prescription drug manufac-
turers.”

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to amounts paid or incurred after
5 December 31, 2000.

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